

FLINT HOUSING COMMISSION
FLINT, MICHIGAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005
AND
REPORTS ON COMPLIANCE AND
ON INTERNAL CONTROL

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Flint Housing Commission	County GENESEE
Audit Date 6/30/05	Opinion Date 2/23/06	Date Accountant Report Submitted to State: 2-23-06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

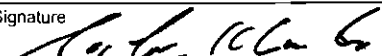
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).	✓		
Single Audit Reports (ASLGU).	✓		

Certified Public Accountant (Firm Name) Sailor, Khan & Co			
Street Address P.O. Box 16180	City St. Louis	State MO	ZIP 63105
Accountant Signature 			Date 3/20/06

FLINT HOUSING COMMISSION
Flint, Michigan

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Sailor

Khan & Co.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Flint Housing Commission
Flint, Michigan

We have audited the accompanying basic financial statements of the Flint Housing Commission, Michigan, (Commission) as of and for the year ended June 30, 2005, as listed in the table of contents. These basic financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

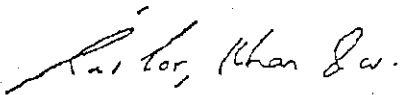
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Flint Housing Commission, Michigan, as of June 30, 2005, and the changes in its financial position and its cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2006, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages ii to vi is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the remaining accompanying supplemental information including the Financial Data Schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


Sailor, Khan & Co.
February 23, 2006

Flint Housing Commission

Management's Discussion and Analysis (MD&A)

June 30, 2005

(Unaudited)

The Flint Housing Commission's management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Commission's financial activity, (c) identify changes in the Commission's financial position (its ability to address the next and subsequent fiscal year challenges), and (d) identify individual fund issues of concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Commission's financial statements.

FINANCIAL HIGHLIGHTS

- The term "net assets" refers to the difference between assets and liabilities. Net Assets were \$25,098,781 in 2004, and \$25,503,872 in 2005, an increase of \$405,091 or 1.6%. This increase was composed of a decrease in Investments in capital assets due to depreciation and an increase in Unrestricted net assets.
- Revenues and contributions were \$12,845,675 for 2005 an increase of \$2,464,371 or 23.7%. The increase was due to an increase in HUD Operating Grants of \$2,079,487 for 2005 and increases in rental income and interest income.
- The total expenses were \$12,789,440 in 2005 an increase of \$992,669 or 8.4%. This increase was composed of an increase in HAP payments (housing assistance payments), increase in utilities and an increase in other supplies and expenses due to increased vacancy reduction efforts.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this Management *Discussion and Analysis* report, the *Basic Financial Statements* and the *Notes to the Financial Statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. The Commission's financial statements are presented as fund level financial statements because the Commission only has proprietary funds.

Required Financial Statements

The financial statements of the Housing Commission report information of the Commission using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Statement of Net Assets includes all the Commission's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations of the Commission creditors (liabilities). It also provides the basis for evaluating the capital structure of the Commission and assessing the liquidity and financial flexibility of the Commission.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the success of the Commission's operations over the past year and can be used to determine whether Commission has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

Management's Discussion and Analysis (MD&A) - Continued

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in the cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and provide more detailed data.

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. HUD has established *Uniform Financial Reporting Standards* that require Housing Commission's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended June 30, 2005 and is required to be included in the audit reporting package.

FINANCIAL ANALYSIS

The Statement of Net Assets includes all assets and liabilities of the Commission using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. The following table reflects the condensed Statement of Net Assets compared to the prior year.

CONDENSED STATEMENTS OF NET ASSETS JUNE 30

	2005	2004	Dollar Change	Percent Change
Current and other assets	\$ 3,301,826	\$ 2,836,347	\$ 465,479	16.4%
Restricted assets	----	81,545	(81,545)	-100.0%
Capital assets	24,195,072	24,521,438	(326,366)	-1.3%
Total Assets	<u>27,496,898</u>	<u>27,439,330</u>	<u>57,568</u>	0.2%
Current liabilities	1,019,721	1,237,362	(217,641)	-17.6%
Noncurrent liabilities	973,305	1,103,187	(129,882)	-11.8%
Total Liabilities	<u>1,993,026</u>	<u>2,340,549</u>	<u>(347,523)</u>	-14.8%
Net Assets				
Invested in capital assets	24,195,072	24,521,438	(326,366)	-1.3%
Unrestricted	1,308,800	577,343	731,457	126.7%
Total Net Assets	<u>\$ 25,503,872</u>	<u>\$ 25,098,781</u>	<u>\$ 405,091</u>	1.6%

Management's Discussion and Analysis (MD&A) - Continued

FINANCIAL ANALYSIS (CONTINUED)

Major Functions Affecting the Net Assets

Total assets increased by \$57,568 for 2005, while total liabilities decreased by \$347,523. Liabilities decreased due to payment of \$130,000 to City of Flint pursuant to an agreement between Flint Housing Commission and the City of Flint for unpaid employee wages and benefits for fiscal years 2000-2002. Current liabilities including accounts payable, accrued salaries and deferred revenues were decreased by \$217,641.

The following schedule compares the revenues and expenses for the current and previous fiscal year.

CONDENSED STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
JUNE 30

	2005	2004	Dollar Change	Percent Change
Revenues and Contributions				
Operating - non-operating -capital contributions:				
Rental revenue	\$ 1,368,765	\$ 1,335,920	32,845	2.5%
HUD operating grants	9,301,870	7,222,383	2,079,487	28.8%
Interest income	43,844	28,065	15,779	56.2%
Capital Contributions	2,017,225	1,739,788	277,437	15.9%
Other income	106,153	55,148	51,005	92.5%
Gain on sale of fixed assets	7,818	----	7,818	100.0%
Total Revenues and Contributions	<u>12,845,675</u>	<u>10,381,304</u>	<u>2,464,371</u>	<u>23.7%</u>
Expenses				
Personal services	2,768,609	2,829,188	(60,579)	-2.1%
Utilities	1,156,250	997,578	158,672	15.9%
Operations and maintenance	1,206,485	1,192,023	14,462	1.2%
Non routine maintenance	----	20,736	(20,736)	-100.0%
Insurance	306,112	430,661	(124,549)	-28.9%
Payment in lieu of taxes	48,518	52,845	(4,327)	-8.2%
Other supplies and expenses	802,818	473,340	329,478	69.6%
Housing assistance payments	4,076,324	3,397,936	678,388	20.0%
Special items	152,196	----	152,196	100.0%
Depreciation	2,272,128	2,402,464	(130,336)	-5.4%
Total Expenses	<u>12,789,440</u>	<u>11,796,771</u>	<u>992,669</u>	<u>8.4%</u>
Change in net assets	56,235	(1,415,467)	1,471,702	
Beginning net assets	25,098,781	26,514,248	(1,415,467)	
Prior period adjustments	<u>348,856</u>	<u>----</u>	<u>348,856</u>	
Beginning net assets, adjusted	<u>25,447,637</u>	<u>26,514,248</u>	<u>(1,066,611)</u>	
Ending net assets	\$ <u>25,503,872</u>	\$ <u>25,098,781</u>	\$ <u>405,091</u>	

Management's Discussion and Analysis (MD&A) - Continued

FINANCIAL ANALYSIS (CONTINUED)

Major Factors Affecting the Statement of Revenue, Expenses and Change in Net Assets

Compared to the prior fiscal year, total revenues and contributions increased by \$2,464,371 due to increases in rental revenue, HUD operating grants, interest income, capital contributions, and other income.

Compared with the prior fiscal year, total expenses increased by \$992,669 due to increases in utilities, operations and maintenance, other supplies and expenses, housing assistance payments, and special items, which were slightly offset by decreases in personal services, non-routine maintenance, insurance and depreciation.

Prior period adjustment of \$348,856 was due to error corrections and revisions for Accounts Receivable-HUD for \$287,878 and Deferred Revenue for \$60,978. The \$60,978 was related to a Development Program that has been completed and no known receivable or liability has been determined.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets -The Commission's investment in capital assets, as of June 30, 2005 amounts to \$24,195,072 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment and construction in progress.

CAPITAL ASSETS
NET OF ACCUMULATED DEPRECIATION
JUNE 30

	2005	2004	Dollar Change
Land	\$ 2,242,445	\$ 2,242,445	\$ -----
Building	54,324,493	54,320,692	3,801
Furniture, equipment and machinery- dwelling	-----	704,166	(704,166)
Furniture, equipment and machinery- administration	689,556	1,161,564	(472,008)
Leasehold improvements	13,297,047	10,162,783	3,134,264
Construction in progress	4,573,277	5,708,872	(1,135,595)
	75,126,818	74,300,522	826,296
Accumulated depreciation	50,931,746	49,779,084	1,152,662
Total	\$ 24,195,072	\$ 24,521,438	\$ (326,366)

The total decrease in the Commission's capital assets for the current fiscal year was \$326,366 or 1.3% in terms of net book value. Actual expenditures to purchase equipment and construct capital assets were \$2,097,959 with \$1,271,663 in retirements for the year. The Authority has \$2,146,171 available in Capital Funds to draw down and spend in the future.

Debt Outstanding - As of June 30, 2005, the Commission has a balance of \$1,040,000 owed to the City of Flint.

Management's Discussion and Analysis (MD&A) - Continued

ECONOMIC FACTORS

Significant economic factors affecting the Commission are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recession and employment trends, which can affect resident income and therefore the amount of housing assistance.
- Inflationary pressure on utility rates, supplies and other costs.

FINANCIAL CONTACT

Our financial report is designed to provide our citizens, investors, and creditors with a general overview of the Housing Commission's finances, and to show the Housing Commission's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, contact Sylvia Campbell, Finance Director for The Flint Housing Commission, at (810) 736-3111. Specific requests may be submitted to the Commission at 3820 Richfield Rd., Flint, MI 48506

FLINT HOUSING COMMISSION

Flint, Michigan

STATEMENT OF NET ASSETS

June 30, 2005

ASSETS

Current Assets:

Cash and cash equivalents	\$ 1,798,556.46
Investments	83,669.59
Receivable - net of allowances:	
Accounts	1,162,208.32
Inventory - net of allowances	128,778.72
Prepaid expenses	<u>128,612.71</u>
Total Current Assets	<u>3,301,825.80</u>

Noncurrent Assets:

Capital assets:

Land, improvements, and construction in progress	6,815,721.95
Other capital assets, net of depreciation	<u>17,379,349.94</u>
Total capital assets- net	<u>24,195,071.89</u>
Total Noncurrent Assets	<u>24,195,071.89</u>
Total Assets	<u>\$ 27,496,897.69</u>

See notes to financial statements

FLINT HOUSING COMMISSION

Flint, Michigan

STATEMENT OF NET ASSETS (CONTINUED)

June 30, 2005

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 721,254.36
Accrued salaries, wages and benefits	90,485.66
Accrued compensated absences	11,171.00
Tenant security deposit liability	159,826.59
Deferred revenues	<u>36,983.03</u>

Total Current Liabilities 1,019,720.64

Noncurrent Liabilities:

Accrued compensated absences	63,305.08
Amount due to - other government	<u>910,000.00</u>

Total Noncurrent Liabilities 973,305.08

Total Liabilities 1,993,025.72

NET ASSETS

Invested in capital assets	24,195,071.89
Unrestricted	<u>1,308,800.08</u>

Total Net Assets 25,503,871.97

Total Liabilities and Net Assets \$ 27,496,897.69

See notes to financial statements

FLINT HOUSING COMMISSION

Flint, Michigan

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

For Year Ended June 30, 2005

Operating Revenues:

Rental revenue	\$ 1,368,764.76
Operating subsidies- HUD grants	9,301,869.77
Other revenues	<u>106,153.36</u>

Total operating revenues	<u>10,776,787.89</u>
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Operating Expenses:

Personal services	2,768,608.66
Utilities	1,156,249.57
Operations and maintenance	1,206,484.85
Insurance	306,112.34
Payment in lieu of taxes	48,518.50
Other supplies and expenses	802,817.78
Housing assistance payments	4,076,323.85
Depreciation	<u>2,272,128.46</u>

Total operating expenses	<u>12,637,244.01</u>
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Operating income (loss)	<u>(1,860,456.12)</u>
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Non-operating revenues (expenses):

Interest and investment earnings	43,843.77 X
Gain (Loss) on sale of fixed assets	<u>7,818.00</u>

Net non-operating revenues (expenses)	<u>51,661.77</u>
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Income (loss) before other revenues, expenses, gains, losses and transfers	(1,808,794.35)
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Capital contributions	2,017,225.21
Special items	<u>(152,196.54)</u>

Change in net assets	56,234.32
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Net assets at beginning of year	25,098,781.29
Prior period error corrections	<u>348,856.36</u>

Net assets adjusted at beginning of year	<u>25,447,637.65</u>
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Net assets at end of year	<u>\$ 25,503,871.97</u>
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See notes to financial statements

FLINT HOUSING COMMISSION

Flint, Michigan

STATEMENT OF CASH FLOWS

For Year Ended June 30, 2005

Cash flows from operating activities:

Cash received from tenants	\$ 1,429,194.94
Cash received from HUD grants- operating	8,454,052.74
Cash received from other grants	(111,985.00)
Cash received from other operating activities	106,153.36
Cash payments for goods and services	(7,411,440.98)
Cash payments to employees-salaries	(2,167,203.03)
Cash payments to employees-compensated absences	(4,061.70)
Cash payments for employee benefit contributions	(571,239.62)
Cash payments for in lieu of property taxes	(21,305.13)

Net cash provided (used) by operating activities (297,834.42)

Cash flows from capital and related financing activities:

Capital contributions	1,706,844.25
Proceeds from sale of assets	7,818.00
Payments to other governments	(130,000.00)
Payments for capital assets	(1,936,907.97)

Net cash (used) for capital and related financing activities (352,245.72)

Cash flows from investing activities:

Proceeds from sale of (payments) for investments	(2,124.59)
Interest and dividends	43,843.77
Receipts (payments) from tenant security deposits	1,165.76

Net cash provided (used) from investing activities 42,884.94

Net increase (decrease) in cash and cash equivalents (607,195.20)

Cash and cash equivalents at beginning of year 2,405,751.66

Cash and cash equivalents at end of year \$ 1,798,556.46

Noncash Investing, Capital and Financing Activities:

Acquisition of capital assets on account \$ 161,050.55

See notes to financial statements

FLINT HOUSING COMMISSION

Flint, Michigan

STATEMENT OF CASH FLOWS (CONTINUED)

For Year Ended June 30, 2005

Reconciliation of operating income (loss) to net cash
provided (used) by operating activities:

Operating income (loss) \$ (1,860,456.12)

Adjustments to reconcile operating income to net cash provided
(used) by operating activities:

Depreciation expense 2,272,128.46

Allowance for doubtful accounts 15,788.68

Allowance for inventory 5,638.25

Changes in assets and liabilities:

Receivables (338,937.57)

Inventory (56,382.49)

Prepaid expenses (16,852.24)

Accounts and other payables (342,311.74)

Deferred revenues (2,553.96)

Compensated absences 138.30

Accrued expenses 25,966.01

Net cash provided (used) by operating activities \$ (297,834.42)

See notes to financial statements

FLINT HOUSING COMMISSION

Flint, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005

NOTE 1 - Summary of Significant Accounting Policies

The Flint Housing Commission (Commission) is a non-profit entity established to provide low-rent housing, under the low rent program Annual Contributions Contract for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other Federal agencies.

The Housing Commission complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the financial statements for the proprietary fund, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the Housing Commission the option of electing to apply FASB pronouncements issued after November 30, 1989, except for those that conflict with or contradict a GASB pronouncement. The Housing Commission has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1a. Financial Reporting Entity

The Housing Commission's financial reporting entity comprises the following:

Primary Government: Housing Commission

In determining the financial reporting entity, the Housing Commission complies with the provisions of GASB Statement No. 14 as amended by GASB no 39, "The Financial Reporting Entity," and includes all component units, if any, of which the Housing Commission appointed a voting majority of the units' board; the Housing Commission is either able to impose its will on the unit or a financial benefit or burden relationship exists. There are no agencies, organizations or activities meeting this criteria.

1b. Basis of Presentation

Financial statements of the reporting entity's programs are organized and reported as an enterprise fund and are accounted for by providing a set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Enterprise funds are used to account for business-like activities provided to its tenants. These activities are financed primarily by user charges and/or Federal funding and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the Commission's programs as an enterprise fund.

FLINT HOUSING COMMISSION

Flint, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1b. Basis of Presentation (Continued)

Following is a description of the Commission's programs:

Program	Brief Description
Low Rent	Accounts for activities of the Public and Indian Housing program which HUD provides an annual subsidy to help public housing agencies (PHAs) pay some of the cost of operating and maintaining public housing units.
Housing Choice Vouchers	Accounts for activities of the Voucher program which assists very low-income families, the elderly, and the disabled to afford decent, safe and sanitary housing in the private market.
Resident Opportunities and Self Sufficiency	Accounts for activities of the ROSS program which links public housing residents with supportive services, resident empowerment activities, and assistance in becoming economically self-sufficient.
Capital Fund Program	Accounts for activities of the Capital Fund which provides funds to housing authorities to modernize public housing developments.
HOME Investment Partnership Program	The funding for this program passes through the City of Flint, Michigan. The HOME Investment Partnership Program funds a wide range of activities that provides affordable housing for direct rental assistance to low-income people.
State and Local	State and Local programs are grants received from various state and local agency to provide training and education for low income housing recipients.

FLINT HOUSING COMMISSION

Flint, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1c. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the financial statements, the "economic resources" measurement focus is used as follows:

- ▶ The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the financial statements, the proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

1d. Assets, Liabilities, and Equity

Cash and Investments

For the purpose of the Statement of Net Assets, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations, if any, with a remaining maturity at the time of purchase of one year or less. Those investments, if any, are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2b. and 3a.

Interprogram Receivables and Payables

During the course of operations, numerous transactions occur within individual programs that may result in amounts owed between these programs. Offsetting interprograms are eliminated for financial statement presentation.

FLINT HOUSING COMMISSION

Flint, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1d. Assets, Liabilities, and Equity (Continued)

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Tenant accounts receivable, accounts receivable other government and accounts receivable from U.S. Department of Housing and Urban Development compose the majority of receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventories

Inventories are valued at average cost, and consist of expendable supplies held for consumption. The cost of inventories are recorded as expenditures when consumed, rather than when purchased.

Budgets and Budgetary Accounting

The Commission adopts a formal operating budget each year for its operating programs and on a project length basis for its capital expenditures which are approved by the Board of Commissioners and submitted to the Department of Housing and Urban Development for their approval, if required.

Estimates and Assumptions

The Commission uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses.

FLINT HOUSING COMMISSION

Flint, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1d. Assets, Liabilities, and Equity (Continued)

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) is as follows:

In the financial statements, capital assets purchased or acquired with an original cost of \$2,500.00 or more are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense depending on the program where the asset is shown, in the Statement of Revenues, Expenses and Changes in Net Assets, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	10 - 40	years
Furniture, equipment and machinery - dwelling	5	years
Furniture, equipment and machinery - administration	7	years
Leasehold improvements	10	years

Compensated Absences

The Housing Commission's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as short-term and long-term liabilities based on historical trends. In accordance with the provisions of GASB Statement No. 16, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Equity Classifications

Equity is classified as net assets and displayed in two components:

- a. Invested in capital assets, net of related debt—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. The Commission had no related debt.
- b. Unrestricted net assets—All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

FLINT HOUSING COMMISSION

Flint, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1e. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Non-operating revenues and expenses are those that are not operating in nature.

Interfund Transfers

For the purposes of the Statement of Revenues, Expenses and Change in Net Assets, all interfund transfers between individual programs, if any, have been eliminated.

NOTE 2 - Stewardship, Compliance, and Accountability

The Commission and its component units, if any, are subject to various federal, state, and local laws and contractual regulations. An analysis of the Commission's compliance with significant laws and regulations and demonstration of its stewardship over Commission resources follows.

2a. Program Accounting Requirements

The Commission's complies with all state and local laws and regulations requiring the use of separate programs. The programs used by the Commission are as follows:

Program	Required By
Public and Indian Housing	U.S. Department of Housing and Urban Development
Housing Choice Vouchers	U.S. Department of Housing and Urban Development
Capital Fund Program	U.S. Department of Housing and Urban Development
Resident Opportunities and Self Sufficiency	U.S. Department of Housing and Urban Development
HOME Investment Partnership Program	U.S. Department of Housing and Urban Development and the City of Flint, Michigan
State and Local	Public Housing Agency

FLINT HOUSING COMMISSION

Flint, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 2 - Stewardship, Compliance, and Accountability (Continued)

2b. Deposits and Investments Laws and Regulations

In accordance with state law, all uninsured deposits of the Commission in financial institutions must be secured with acceptable collateral valued at the lower of market or par. All financial institutions pledging collateral to the Commission must have a written collateral agreement. As reflected in Note 3a., all deposits were fully insured or collateralized.

Investments of the Commission are limited by state law to the following:

- a. Direct obligations of the U.S. Government or its agencies or instrumentalities to which acceptable collateral is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral.

2c. Revenue Restrictions

The Commission has various restrictions placed over certain revenue sources. The primary restricted revenue sources include:

<i>Revenue Source</i>	<i>Legal Restrictions of Use</i>
Capital Fund Program	Modernization
Residential Opportunities and Supplemental Services Program	Supportive services and empowerment activities
State & Local Program	Summer youth arts & Beautification activities

For the year ended June 30, 2005, the Commission complied, in all material respects, with these revenue restrictions.

FLINT HOUSING COMMISSION

Flint, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 3 - Detail Notes on Transaction Classes/Accounts

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3a. Cash and Investments

Deposits

The Commission's policies regarding deposits of cash are discussed in Note 1d. The table presented below is designed to disclose the level of custody credit risk assumed by the Commission based upon how its deposits were insured or secured with collateral at June 30, 2005. The categories of credit risk are defined as follows:

Category 1—Insured by FDIC or collateralized with securities held by the Commission (or public trust) or by its agent in its name

Category 2—Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Commission's name

Category 3—Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Commission's name; or collateralized with no written or approved collateral agreement

Type of Deposits	Total Bank Balance	Custody Credit Risk			Total Carrying Value
		Category 1	Category 2	Category 3	
Demand deposits	\$ 2,348,937.02	\$ 2,348,937.02	\$ ----	\$ ----	\$ 1,798,256.46
Total Deposits	\$ 2,348,937.02	\$ 2,348,937.02	\$ ----	\$ ----	\$ 1,798,256.46

FLINT HOUSING COMMISSION

Flint, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3a. Cash and Investments (Continued)

Investments

The Commission's policies and applicable laws regarding investments are discussed in Notes 1d. and 2b. The table presented below is designed to disclose the level of market risk and custody credit risk assumed by the Commission (or public trust) based upon whether the investments are insured or registered and upon who holds the security at June 30, 2005. The categories of credit risk are defined as follows:

Category 1—Insured or registered with securities held by the Commission or its agent in the Commission's name

Category 2—Uninsured and unregistered with securities held by counterparty's trust department or agent in the Commission's name

Category 3—Uninsured and unregistered with securities held by the counterparty or by its trust department or agent but not in the Commission's name

	Custody Credit Risk			Carrying Amount	Fair Value
	Category 1	Category 2	Category 3		
Certificate of Deposit	\$ 83,669.59	\$ ----	\$ ----	\$ 83,669.59	\$ 83,669.59
	<u>\$ 83,669.59</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 83,669.59</u>	<u>\$ 83,669.59</u>

3b. Accounts Receivable

Receivables detail at June 30, 2005, is as follows:

Tenant accounts receivable	\$ 38,443.02
Allowance for doubtful accounts	<u>(25,014.05)</u>
Tenants accounts receivable - net	13,428.97
Accounts receivable - HUD	1,036,794.35
Accounts receivable - other government	<u>111,985.00</u>
	<u>\$ 1,162,208.32</u>

FLINT HOUSING COMMISSION

Flint, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3c Capital Assets

Capital asset activity for the year ended June 30, 2005, was as follows:

	Balance July 1, 2004	Additions	(Retirements)	Transfers in (out)	Balance June 30, 2005
Land	\$ 2,242,445.00	\$ ----	\$ ----	\$ ----	\$ 2,242,445.00
Building	54,320,691.74	3,801.00	----	----	54,324,492.74
Furniture, equipment and machinery- dwelling	704,166.00	----	(704,166.00)	----	----
Furniture, equipment and machinery- administration	1,161,563.77	110,248.90	(567,496.82)	(14,759.72)	689,556.13
Leasehold improvements	10,162,783.45	0.45	----	3,134,263.50	13,297,047.40
Construction in progress	<u>5,708,872.56</u>	<u>1,983,908.17</u>	<u>----</u>	<u>(3,119,503.78)</u>	<u>4,573,276.95</u>
	74,300,522.52	<u>\$ 2,097,958.52</u>	<u>\$ (1,271,662.82)</u>	<u>\$ ----</u>	75,126,818.22
Accumulated depreciation	<u>49,779,084.15</u>	<u>\$ 2,272,128.46</u>	<u>\$ (1,119,466.28)</u>	<u>\$ ----</u>	<u>50,931,746.33</u>
Total	<u>\$ 24,521,438.37</u>				<u>\$ 24,195,071.89</u>

3d. Accounts Payable

Payable detail at June 30, 2005, is as follows:

Accounts payable - Vendors	\$ 434,340.06
Accounts payable - other government	130,000.00
Accounts payable - other government - PILOT	101,363.44
Accrued liabilities - other	<u>55,550.86</u>
	<u>\$ 721,254.36</u>

3e. Compensated Absences

Accumulated unpaid compensated absences are accrued. The liability for compensated absences at June 30, 2005 is \$74,476.08.

FLINT HOUSING COMMISSION

Flint, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3f. Non-current Liabilities

As of June 30, 2005, the non-current liabilities are comprised of the following:

Amount due to - other government	\$ 910,000.00
Accrued compensated absences - non current portion	<u>63,305.08</u>
Total	<u>\$ 973,305.08</u>

The following is a summary of changes in non-current liabilities for the year ended June 30, 2005:

	Balance June 30, 2004	Additions	Deductions	Balance June 30, 2005	Amounts Due within One Year
Amount due to other government	\$ 1,040,000.00	\$ ----	\$ 130,000.00	\$ 910,000.00	\$ 130,000.00
Accrued compensated absences	<u>63,187.11</u>	<u>117.97</u>	<u>----</u>	<u>63,305.08</u>	<u>11,171.00</u>
Total	<u>\$ 1,103,187.11</u>	<u>\$ 117.97</u>	<u>\$ 130,000.00</u>	<u>\$ 973,305.08</u>	<u>\$ 141,171.00</u>

3g. Interprogram Transactions and Balances

Operating Transfers

	Transfers in	Transfers out
Public and Indian Housing - Low Rent Capital Fund Program	<u>\$ 210,134.00</u>	<u>\$ ----</u>
	<u>----</u>	<u>210,134.00</u>
Total	<u>\$ 210,134.00</u>	<u>\$ 210,134.00</u>

Transfers are used to move revenues from the program that is authorized to transfer them to the program in accordance with budgetary authorizations.

FLINT HOUSING COMMISSION

Flint, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3g. Interprogram Transactions and Balances (Continued)

Interprogram Receivable/Payable

Public and Indian Housing - Low Rent	\$ 979,027.12
Housing Choice Vouchers	(302,506.49)
Capital Fund Program	(571,150.80)
HOME Investment Partnership Program	(111,985.00)
State and Local	<u>6,615.17</u>

Total	\$ <u>-----</u>
-------	-----------------

3h. Amount Due - Other Government

The Housing Commission and the City of Flint entered into an agreement in January, 2003, whereby the Housing Commission will pay the City of Flint for unpaid employee wages and benefits for fiscal years 2000, 2001 and 2002 in the amount of \$1,580,964.70 in equal annual interest free installments of \$130,000.00 each July 1 for the next 9 years. Of the total amount of \$1,040,000.00 outstanding at June 30, 2005, the amount of \$130,000.00 is included as accounts payable short-term and \$910,000.00 is reported under amount due to other government - non current - liability.

3i. Unrestricted net assets - Prior-period Error Corrections

Following is the composite of error corrections:

1. Accounts receivable - HUD - correct prior year	\$ 287,878.10
2. Deferred revenue - write off of excess development advances	<u>60,978.26</u>
Totals	\$ <u>348,856.36</u>

NOTE 4 - Other Notes

4a. Employee Retirement Plan

The Commission does not provide a defined contribution plan for it's employees.

FLINT HOUSING COMMISSION

Flint, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 4 - Other Notes (Continued)

4b. Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The Commission manages these various risks of loss as follows:

Type of Loss	Method Managed
a. Torts, errors and omissions	Purchased insurance with Housing Authority Risk Retention Group.
b. Injuries to employees (workers' compensation)	Purchased insurance with Casualty Company of America; Claims are administered by St. Paul Travelers Insurance.
c. Physical property loss and natural disasters	Purchased commercial insurance with \$25,000.00 deductibles.
d. Health and life	Purchased health insurance with M-care; Life insurance is provided by Principle Life Insurance Company

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Commission. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

4c. Commitments and Contingencies

Commitments—Construction

At June 30, 2005, the Commission had the following pending construction projects in progress:

	<u>Funds Approved</u>	<u>Funds Expended - Project to Date</u>
CFP 501-01	\$ 2,455,852.00	\$ 2,450,908.67
CFP 501-02	2,333,960.00	2,268,507.88
CFP 501-03	1,812,033.00	1,500,559.51
CFP 502-03	382,718.00	296,445.00
CFP 501-04	<u>2,120,410.00</u>	<u>442,381.40</u>
	<u>\$ 9,104,973.00</u>	<u>\$ 6,958,802.46</u>

FLINT HOUSING COMMISSION

Flint, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 4 - Other Notes (Continued)

4c. Commitments and Contingencies (Continued)

Contingencies

The Commission is subject to possible examination by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Commission in the current and prior years. No significant violations of finance-related legal or contractual provisions occurred.

The Commission is a defendant in numerous lawsuits, they involve discrimination, breach of contract, and unjustified termination of employment. The ultimate outcome of these lawsuits cannot presently be determined, and no provision for any liabilities that may result, if any, has been made in the financial statements.

FLINT HOUSING COMMISSION

Flint, Michigan

COMBINING STATEMENT OF NET ASSETS BY PROGRAM

June 30, 2005

	Low Rent Program	Housing Choice Vouchers	Resident Opportunity and Supportive Services
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 1,457,796.57	\$ 340,759.89	\$ ----
Investments	83,669.59	----	----
Receivable - net of allowances:			
Accounts	13,428.97	304,593.00	----
Due from (to) interprogram	979,027.12	(302,506.49)	----
Inventory - net of allowances	128,778.72	----	----
Prepaid expenses	128,612.71	----	----
Total Current Assets	<u>2,791,313.68</u>	<u>342,846.40</u>	<u>----</u>
Noncurrent Assets:			
Capital assets:			
Land, improvements, and construction in progress	2,242,445.00	----	----
Other capital assets, net of depreciation	<u>17,324,235.33</u>	----	----
Total capital assets- net	<u>19,566,680.33</u>	----	----
Total Noncurrent Assets	<u>19,566,680.33</u>	----	----
Total Assets	<u>\$ 22,357,994.01</u>	<u>\$ 342,846.40</u>	<u>\$ ----</u>

FLINT HOUSING COMMISSION

Flint, Michigan

COMBINING STATEMENT OF NET ASSETS BY PROGRAM (CONTINUED)

June 30, 2005

	Low Rent Program	Housing Choice Vouchers	Resident Opportunity and Supportive Services
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 559,112.79	\$ 1,091.02	\$ -----
Accrued salaries, wages and benefits	80,961.76	9,523.90	-----
Accrued compensated absences	9,855.00	1,316.00	-----
Tenant security deposit liability	159,826.59	-----	-----
Deferred revenues	30,367.86	-----	-----
Total Current Liabilities	<u>840,124.00</u>	<u>11,930.92</u>	<u>-----</u>
Noncurrent Liabilities:			
Accrued compensated absences	55,844.83	7,460.25	-----
Amount due to - other government	910,000.00	-----	-----
Total Noncurrent Liabilities	<u>965,844.83</u>	<u>7,460.25</u>	<u>-----</u>
Total Liabilities	<u>1,805,968.83</u>	<u>19,391.17</u>	<u>-----</u>
NET ASSETS			
Invested in capital assets	19,566,680.33	-----	-----
Unrestricted	985,344.85	323,455.23	-----
Total Net Assets	<u>20,552,025.18</u>	<u>323,455.23</u>	<u>-----</u>
Total Liabilities and Net Assets	<u>\$ 22,357,994.01</u>	<u>\$ 342,846.40</u>	<u>\$ -----</u>

FLINT HOUSING COMMISSION

Flint, Michigan

COMBINING STATEMENT OF NET ASSETS BY PROGRAM (CONTINUED)

June 30, 2005

	Comprehensive Grant Program	Capital Fund Program	HOME Investment Partnership
ASSETS			
Current Assets:			
Receivable - net of allowances:			
Accounts	\$ -----	\$ 732,201.35	\$ 111,985.00
Due from (to) interprogram	-----	(571,150.80)	(111,985.00)
Total Current Assets	-----	161,050.55	-----
Noncurrent Assets:			
Capital assets:			
Land, improvements, and construction in progress	-----	4,573,276.95	-----
Other capital assets, net of depreciation	-----	55,114.61	-----
Total capital assets- net	-----	4,628,391.56	-----
Total Noncurrent Assets	-----	4,628,391.56	-----
Total Assets	\$ -----	\$ 4,789,442.11	\$ -----
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ -----	\$ 161,050.55	\$ -----
Total Current Liabilities	-----	161,050.55	-----
Total Liabilities	-----	161,050.55	-----
NET ASSETS			
Invested in capital assets	-----	4,628,391.56	-----
Total Net Assets	-----	4,628,391.56	-----
Total Liabilities and Net Assets	\$ -----	\$ 4,789,442.11	\$ -----

FLINT HOUSING COMMISSION

Flint, Michigan

COMBINING STATEMENT OF NET ASSETS BY PROGRAM (CONTINUED)

June 30, 2005

	<u>Development Program</u>	<u>State and Local</u>	<u>Totals</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ ----	\$ ----	\$ 1,798,556.46
Investments	----	----	83,669.59
Receivable - net of allowances:			
Accounts	----	----	1,162,208.32
Due from (to) interprogram	----	6,615.17	----
Inventory - net of allowances	----	----	128,778.72
Prepaid expenses	----	----	128,612.71
	<u>----</u>	<u>----</u>	<u>----</u>
Total Current Assets	<u>----</u>	<u>6,615.17</u>	<u>3,301,825.80</u>
Noncurrent Assets:			
Capital assets:			
Land, improvements, and construction in progress	----	----	6,815,721.95
Other capital assets, net of depreciation	----	----	17,379,349.94
	<u>----</u>	<u>----</u>	<u>----</u>
Total capital assets- net	<u>----</u>	<u>----</u>	<u>24,195,071.89</u>
	<u>----</u>	<u>----</u>	<u>----</u>
Total Noncurrent Assets	<u>----</u>	<u>----</u>	<u>24,195,071.89</u>
	<u>----</u>	<u>----</u>	<u>----</u>
Total Assets	\$ <u>----</u>	\$ <u>6,615.17</u>	\$ <u>27,496,897.69</u>

FLINT HOUSING COMMISSION

Flint, Michigan

COMBINING STATEMENT OF NET ASSETS BY PROGRAM (CONTINUED)

June 30, 2005

	Development Program	State and Local	Totals
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ ----	\$ ----	\$ 721,254.36
Accrued salaries, wages and benefits	----	----	90,485.66
Accrued compensated absences	----	----	11,171.00
Tenant security deposit liability	----	----	159,826.59
Deferred revenues	----	6,615.17	36,983.03
Total Current Liabilities	----	6,615.17	1,019,720.64
Noncurrent Liabilities:			
Accrued compensated absences	----	----	63,305.08
Amount due to - other government	----	----	910,000.00
Total Noncurrent Liabilities	----	----	973,305.08
Total Liabilities	----	6,615.17	1,993,025.72
NET ASSETS			
Invested in capital assets	----	----	24,195,071.89
Unrestricted	----	----	1,308,800.08
Total Net Assets	----	----	25,503,871.97
Total Liabilities and Net Assets	\$ ----	\$ 6,615.17	\$ 27,496,897.69

FLINT HOUSING COMMISSION

Flint, Michigan

COMBINING STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN FUND NET ASSETS BY PROGRAM

For Year Ended June 30, 2005

	Low Rent Program	Housing Choice Vouchers	Resident Opportunity and Supportive Services
Operating Revenues:			
Rental revenue	\$ 1,368,764.76	\$ -----	\$ -----
Operating subsidies- HUD grants	3,901,226.00	4,366,169.00	33,773.02
Other revenues	92,939.39	4,829.14	-----
Total operating revenues	<u>5,362,930.15</u>	<u>4,370,998.14</u>	<u>33,773.02</u>
Operating Expenses:			
Personal services	2,230,944.02	339,130.42	26,408.71
Utilities	1,156,249.57	-----	-----
Operations and maintenance	714,580.72	201.58	-----
Insurance	305,445.34	667.00	-----
Payment in lieu of taxes	48,518.50	-----	-----
Other supplies and expenses	692,580.45	79,733.50	7,364.31
Housing assistance payments	-----	3,964,338.85	-----
Depreciation	<u>2,251,586.83</u>	<u>-----</u>	<u>-----</u>
Total operating expenses	<u>7,399,905.43</u>	<u>4,384,071.35</u>	<u>33,773.02</u>
Operating income (loss)	<u>(2,036,975.28)</u>	<u>(13,073.21)</u>	<u>-----</u>
Non-operating revenues (expenses):			
Interest and investment earnings	30,146.93	13,696.84	-----
Gain (Loss) on sale of fixed assets	<u>7,818.00</u>	<u>-----</u>	<u>-----</u>
Net non-operating revenues (expenses)	<u>37,964.93</u>	<u>13,696.84</u>	<u>-----</u>
Income (loss) before other revenues, expenses, gains, losses and transfers	(1,999,010.35)	623.63	-----

FLINT HOUSING COMMISSION

Flint, Michigan

COMBINING STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN FUND NET ASSETS BY PROGRAM (CONTINUED)

— For Year Ended June 30, 2005

	Low Rent Program	Housing Choice Vouchers	Resident Opportunity and Supportive Services
Special items	(152,196.54)	----	----
Operating transfers in (out)	210,134.00	----	----
Change in net assets	(1,941,072.89)	623.63	----
Net assets at beginning of year	14,607,063.53	322,831.60	----
Prior period error corrections	348,856.36	----	----
Net assets adjusted at beginning of year	14,955,919.89	322,831.60	----
Equity transfers	7,537,178.18	----	----
Net assets at end of year	\$ <u>20,552,025.18</u>	\$ <u>323,455.23</u>	\$ <u>----</u>

FLINT HOUSING COMMISSION

Flint, Michigan

COMBINING STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN FUND NET ASSETS BY PROGRAM (CONTINUED)

For Year Ended June 30, 2005

	<u>Comprehensive Grant Program</u>	<u>Capital Fund Program</u>	<u>HOME Investment Partnership</u>
Operating Revenues:			
Operating subsidies- HUD grants	\$ -----	\$ 888,716.75	\$ 111,985.00
Total operating revenues	-----	888,716.75	111,985.00
Operating Expenses:			
Personal services	-----	172,125.51	-----
Operations and maintenance	-----	491,702.55	-----
Other supplies and expenses	-----	14,754.69	-----
Housing assistance payments	-----	-----	111,985.00
Depreciation	-----	20,541.63	-----
Total operating expenses	-----	699,124.38	111,985.00
Operating income (loss)	-----	189,592.37	-----
Income (loss) before other revenues, expenses, gains, losses and transfers	-----	189,592.37	-----
Capital contributions	-----	2,017,225.21	-----
Operating transfers in (out)	-----	(210,134.00)	-----
Change in net assets	-----	1,996,683.58	-----
Net assets at beginning of year	<u>1,688,161.99</u>	<u>4,217,552.70</u>	-----
Net assets adjusted at beginning of year	1,688,161.99	4,217,552.70	-----
Equity transfers	<u>(1,688,161.99)</u>	<u>(1,585,844.72)</u>	-----
Net assets at end of year	\$ -----	\$ 4,628,391.56	\$ -----

FLINT HOUSING COMMISSION

Flint, Michigan

COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS BY PROGRAM (CONTINUED)

For Year Ended June 30, 2005

	Development Program	State and Local	Totals
Operating Revenues:			
Rental revenue	\$ -----	\$ -----	\$ 1,368,764.76
Operating subsidies- HUD grants	-----	-----	9,301,869.77
Other revenues	-----	8,384.83	106,153.36
Total operating revenues	-----	8,384.83	10,776,787.89
Operating Expenses:			
Personal services	-----	-----	2,768,608.66
Utilities	-----	-----	1,156,249.57
Operations and maintenance	-----	-----	1,206,484.85
Insurance	-----	-----	306,112.34
Payment in lieu of taxes	-----	-----	48,518.50
Other supplies and expenses	-----	8,384.83	802,817.78
Housing assistance payments	-----	-----	4,076,323.85
Depreciation	-----	-----	2,272,128.46
Total operating expenses	-----	8,384.83	12,637,244.01
Operating income (loss)	-----	-----	(1,860,456.12)
Non-operating revenues (expenses):			
Interest and investment earnings	-----	-----	43,843.77
Gain (Loss) on sale of fixed assets	-----	-----	7,818.00
Net non-operating revenues (expenses)	-----	-----	51,661.77
Income (loss) before other revenues, expenses, gains, losses and transfers	-----	-----	(1,808,794.35)

FLINT HOUSING COMMISSION

Flint, Michigan

COMBINING STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN FUND NET ASSETS BY PROGRAM (CONTINUED)

For Year Ended June 30, 2005

	Development Program	State and Local	Totals
Capital contributions	-----	-----	2,017,225.21
Special items	-----	-----	(152,196.54)
Change in net assets	-----	-----	56,234.32
Net assets at beginning of year	4,263,171.47	-----	25,098,781.29
Prior period error corrections	-----	-----	348,856.36
Net assets adjusted at beginning of year	4,263,171.47	-----	25,447,637.65
Equity transfers	(4,263,171.47)	-----	-----
Net assets at end of year	\$ -----	\$ -----	\$ 25,503,871.97

FLINT HOUSING COMMISSION

Flint, Michigan

COMBINING STATEMENT OF CASH FLOWS BY PROGRAM

For Year Ended June 30, 2005

	Low Rent Program	Housing Choice Vouchers	Resident Opportunity and Supportive Services
Cash flows from operating activities:			
Cash received from tenants	\$ 1,429,194.94	\$ -----	\$ -----
Cash received from HUD grants- operating	3,901,226.00	3,487,907.00	57,602.82
Cash received from other operating activities	92,939.39	4,829.14	-----
Cash payments for goods and services	(2,733,399.69)	(4,043,849.91)	(7,364.31)
Cash payments to employees-salaries	(1,720,729.91)	(263,197.92)	(26,408.71)
Cash payments to employees-compensated absences	(3,889.68)	(172.02)	-----
Cash payments for employee benefit contributions	(486,675.00)	(69,305.60)	-----
Cash payments for in lieu of property taxes	(21,305.13)	-----	-----
Net cash provided (used) by operating activities	<u>457,360.92</u>	<u>(883,789.31)</u>	<u>23,829.80</u>
Cash flows from noncapital financing activities:			
Operating transfers in (out)	210,134.00	-----	-----
Receipts (payments) from interprograms	<u>(360,899.13)</u>	<u>279,359.10</u>	<u>(23,829.80)</u>
Net cash provided (used) from non capital financing activities	<u>(150,765.13)</u>	<u>279,359.10</u>	<u>(23,829.80)</u>
Cash flows from capital and related financing activities:			
Receipts (payments) from interprograms	(149,330.41)	-----	-----
Proceeds from sale of assets	7,818.00	-----	-----
Payments to other governments	(130,000.00)	-----	-----
Payments for capital assets	<u>(80,733.31)</u>	<u>-----</u>	<u>-----</u>
Net cash (used) for capital and related financing activities	<u>(352,245.72)</u>	<u>-----</u>	<u>-----</u>
Cash flows from investing activities:			
Proceeds from sale of (payments) for investments	(2,124.59)	-----	-----
Interest and dividends	30,146.93	13,696.84	-----
Receipts (payments) from tenant security deposits	<u>1,165.76</u>	<u>-----</u>	<u>-----</u>
Net cash provided (used) from investing activities	<u>29,188.10</u>	<u>13,696.84</u>	<u>-----</u>

FLINT HOUSING COMMISSION

Flint, Michigan

COMBINING STATEMENT OF CASH FLOWS BY PROGRAM (CONTINUED)

For Year Ended June 30, 2005

	Low Rent Program	Housing Choice Vouchers	Resident Opportunity and Supportive Services
Net increase (decrease) in cash and cash equivalents	(16,461.83)	(590,733.37)	----
Cash and cash equivalents at beginning of year	<u>1,474,258.40</u>	<u>931,493.26</u>	<u>----</u>
Cash and cash equivalents at end of year	\$ <u>1,457,796.57</u>	\$ <u>340,759.89</u>	\$ <u>----</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (2,036,975.28)	\$ (13,073.21)	\$ ----
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	2,251,586.83	----	----
Allowance for doubtful accounts	15,788.68	----	----
Allowance for inventory	5,638.25	----	----
Changes in assets and liabilities:			
Receivables	53,810.63	(304,593.00)	23,829.80
Inventory	(56,382.49)	----	----
Prepaid expenses	(16,852.24)	----	----
Accounts and other payables	230,266.24	(572,577.98)	----
Deferred revenues	(9,169.13)	----	----
Compensated absences	(3,889.68)	4,027.98	----
Accrued expenses	<u>23,539.11</u>	<u>2,426.90</u>	<u>----</u>
Net cash provided (used) by operating activities	\$ <u>457,360.92</u>	\$ <u>(883,789.31)</u>	\$ <u>23,829.80</u>

FLINT HOUSING COMMISSION

Flint, Michigan

COMBINING STATEMENT OF CASH FLOWS BY PROGRAM (CONTINUED)

For Year Ended June 30, 2005

	Comprehensive Grant Program	Capital Fund Program	HOME Investment Partnership
Cash flows from operating activities:			
Cash received from HUD grants- operating	\$ -----	\$ 888,716.75	\$ 111,985.00
Cash received from other grants	-----	-----	(111,985.00)
Cash payments for goods and services	-----	(506,457.24)	(111,985.00)
Cash payments to employees-salaries	-----	(156,866.49)	-----
Cash payments for employee benefit contributions	-----	(15,259.02)	-----
Net cash provided (used) by operating activities	-----	210,134.00	(111,985.00)
Cash flows from noncapital financing activities:			
Operating transfers in (out)	-----	(210,134.00)	-----
Receipts (payments) from interprograms	-----	-----	111,985.00
Net cash provided (used) from non capital financing activities	-----	(210,134.00)	111,985.00
Cash flows from capital and related financing activities:			
Capital contributions	-----	1,706,844.25	-----
Receipts (payments) from interprograms	-----	149,330.41	-----
Payments for capital assets	-----	(1,856,174.66)	-----
Net cash (used) for capital and related financing activities	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	-----	-----	-----
Cash and cash equivalents at beginning of year	-----	-----	-----
Cash and cash equivalents at end of year	\$ -----	\$ -----	\$ -----
Noncash Investing, Capital and Financing Activities:			
Acquisition of capital assets on account	\$ -----	\$ 161,050.55	\$ -----

FLINT HOUSING COMMISSION

Flint, Michigan

COMBINING STATEMENT OF CASH FLOWS BY PROGRAM (CONTINUED)

For Year Ended June 30, 2005

	<u>Comprehensive Grant Program</u>	<u>Capital Fund Program</u>	<u>HOME Investment Partnership</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ -----	\$ 189,592.37	\$ -----
Adjustments to reconcile operating income to net cash provided			
(used) by operating activities:			
Depreciation expense	-----	20,541.63	-----
Changes in assets and liabilities:			
Receivables	-----	-----	(111,985.00)
Net cash provided (used) by operating activities	\$ -----	\$ 210,134.00	\$ (111,985.00)

FLINT HOUSING COMMISSION

Flint, Michigan

COMBINING STATEMENT OF CASH FLOWS BY PROGRAM (CONTINUED)

For Year Ended June 30, 2005

	Development Program 14.850b	State and Local	Totals
Cash flows from operating activities:			
Cash received from tenants	\$ ----	\$ ----	\$ 1,429,194.94
Cash received from HUD grants- operating	----	6,615.17	8,454,052.74
Cash received from other grants	----	----	(111,985.00)
Cash received from other operating activities	----	8,384.83	106,153.36
Cash payments for goods and services	----	(8,384.83)	(7,411,440.98)
Cash payments to employees-salaries	----	----	(2,167,203.03)
Cash payments to employees-compensated absences	----	----	(4,061.70)
Cash payments for employee benefit contributions	----	----	(571,239.62)
Cash payments for in lieu of property taxes	----	----	(21,305.13)
Net cash provided (used) by operating activities	----	6,615.17	(297,834.42)
Cash flows from noncapital financing activities:			
Receipts (payments) from interprograms	----	(6,615.17)	----
Net cash provided (used) from non capital financing activities	----	(6,615.17)	----
Cash flows from capital and related financing activities:			
Capital contributions	----	----	1,706,844.25
Proceeds from sale of assets	----	----	7,818.00
Payments to other governments	----	----	(130,000.00)
Payments for capital assets	----	----	(1,936,907.97)
Net cash (used) for capital and related financing activities	----	----	(352,245.72)
Cash flows from investing activities:			
Proceeds from sale of (payments) for investments	----	----	(2,124.59)
Interest and dividends	----	----	43,843.77
Receipts (payments) from tenant security deposits	----	----	1,165.76
Net cash provided (used) from investing activities	----	----	42,884.94

FLINT HOUSING COMMISSION

Flint, Michigan

COMBINING STATEMENT OF CASH FLOWS BY PROGRAM (CONTINUED)

For Year Ended June 30, 2005

	Development Program 14.850b	State and Local	Totals
Net increase (decrease) in cash and cash equivalents	----	----	(607,195.20)
Cash and cash equivalents at beginning of year	----	----	2,405,751.66
Cash and cash equivalents at end of year	\$ <u>-----</u>	\$ <u>-----</u>	\$ <u>1,798,556.46</u>
Noncash Investing, Capital and Financing Activities:			
Acquisition of capital assets on account	\$ <u>-----</u>	\$ <u>-----</u>	\$ <u>161,050.55</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ -----	\$ -----	\$ (1,860,456.12)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	----	----	2,272,128.46
Allowance for doubtful accounts	----	----	15,788.68
Allowance for inventory	----	----	5,638.25
Changes in assets and liabilities:			
Receivables	----	----	(338,937.57)
Inventory	----	----	(56,382.49)
Prepaid expenses	----	----	(16,852.24)
Accounts and other payables	----	----	(342,311.74)
Deferred revenues	----	6,615.17	(2,553.96)
Compensated absences	----	----	138.30
Accrued expenses	----	----	25,966.01
Net cash provided (used) by operating activities	\$ <u>-----</u>	\$ <u>6,615.17</u>	\$ <u>(297,834.42)</u>

FLINT HOUSING COMMISSION

Flint, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
NOTES TO THE SCHEDULE OF FEDERAL AWARDS

Year Ended June 30, 2005

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<u>Fiscal Year</u>	<u>Federal Grantor</u>	<u>Federal CFDA No.</u>	<u>Expenditures</u>
	<u>U.S. Department of HUD</u>		
2005	Public and Indian Housing <u>Nonmajor - Indirect Program</u> <u>Pass through the City of Flint</u> HOME Investment Partnership program	14.239	\$ <u>111,985.00</u>
2005	Public and Indian Housing <u>Major - Direct Program</u> Low Rent Program	14.850a	\$ <u>3,901,226.00</u>
2005	Public and Indian Housing <u>Nonmajor - Direct Program</u> Resident Opportunity and Supportive Services	14.870	\$ <u>33,773.02</u>
2005	Low Income Public Housing <u>Major - Direct Program</u> Housing Choice Vouchers	14.871	\$ <u>4,366,169.00</u>
2005	Public and Indian Housing <u>Major - Direct Program</u> Capital Fund program	14.872	\$ <u>2,905,941.96</u>
	Total		\$ <u>11,319,094.98</u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS

NOTE 1 - Significant Accounting Policies

The schedule of federal awards has been prepared on the accrual basis of accounting.

FLINT HOUSING COMMISSION

Flint, Michigan

FINANCIAL DATA SCHEDULE

Year Ended June 30, 2005

FDS Line Item No.	Low Rent Program 14.850a	Housing Choice Vouchers 14.871	Resident Opportunity and Supportive Services 14.870
Assets:			
Current Assets:			
Cash			
111 Cash-unrestricted	\$ 1,457,796.57	\$ 340,759.89	\$ -----
100 Total cash	<u>1,457,796.57</u>	<u>340,759.89</u>	<u>-----</u>
Accounts and notes receivable:			
122 Accounts receivable-HUD	-----	304,593.00	-----
126 Accounts receivable- tenants-dwelling rents	38,443.02	-----	-----
126.1 Allowance for doubtful accounts-dwelling rents	<u>(25,014.05)</u>	<u>-----</u>	<u>-----</u>
120 Total rceivables, net of allowance for doubtful accounts	<u>13,428.97</u>	<u>304,593.00</u>	<u>-----</u>
Current investments:			
131 Investments-unrestricted	83,669.59	-----	-----
142 Prepaid expenses and other assets	128,612.71	-----	-----
143 Inventories	143,087.47	-----	-----
143.1 Allowance for obsolete inventories	<u>(14,308.75)</u>	<u>-----</u>	<u>-----</u>
144/ (347) Interprogram due from	<u>979,027.12</u>	<u>(302,506.49)</u>	<u>-----</u>
150 Total current assets	<u>2,791,313.68</u>	<u>342,846.40</u>	<u>-----</u>
Noncurrent Assets:			
Fixed assets:			
161 Land	2,242,445.00	-----	-----
162 Buildings	54,324,492.74	-----	-----
164 Furniture, equipment and machinery- administration	589,959.83	15,741.24	-----
165 Leasehold improvements	13,297,047.40	-----	-----
166 Accumulated depreciation	<u>(50,887,264.64)</u>	<u>(15,741.24)</u>	<u>-----</u>
160 Total fixed assets, net of accumulated depreciation	<u>19,566,680.33</u>	<u>-----</u>	<u>-----</u>

FLINT HOUSING COMMISSION

Flint, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended June 30, 2005

FDS Line Item No.	Low Rent Program 14.850a	Housing Choice Vouchers 14.871	Resident Opportunity and Supportive Services 14.870
180 Total noncurrent assets	19,566,680.33	-----	-----
190 Total Assets	\$ 22,357,994.01	\$ 342,846.40	\$ -----
Liabilities and Equity:			
Liabilities:			
Current Liabilities:			
312 Accounts payable < 90 days	\$ (272,198.49)	\$ (1,091.02)	\$ -----
321 Accrued wage / payroll taxes payable	(80,961.76)	(9,523.90)	-----
322 Accrued compensated absences- current portion	(9,855.00)	(1,316.00)	-----
333 Accounts payable -other government	(231,363.44)	-----	-----
341 Tenant security deposits	(159,826.59)	-----	-----
342 Deferred revenues	(30,367.86)	-----	-----
346 Accrued liabilities-other	(55,550.86)	-----	-----
310 Total current liabilities	(840,124.00)	(11,930.92)	-----
Noncurrent Liabilities:			
353 Noncurrent liabilities-other	(910,000.00)	-----	-----
354 Accrued compensated absences- non current portion	(55,844.83)	(7,460.25)	-----
350 Total noncurrent liabilities	(965,844.83)	(7,460.25)	-----
300 Total liabilities	(1,805,968.83)	(19,391.17)	-----
Equity:			
508.1 Investment in capital assets , Net of Related Debt	(19,566,680.33)	-----	-----
512.1 Unrestricted Net Assets	(985,344.85)	(323,455.23)	-----
600 Total Liabilities and Equity	\$ (22,357,994.01)	\$ (342,846.40)	\$ -----

FLINT HOUSING COMMISSION

Flint, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended June 30, 2005

FDS Line Item No.	Low Rent Program 14.850a	Housing Choice Vouchers 14.871	Resident Opportunity and Supportive Services 14.870
Revenue:			
703 Net rental revenue	\$ (1,471,592.12)	\$ -----	\$ -----
705 Total tenant revenue	(1,471,592.12)	-----	-----
706 HUD PHA operating grants	(3,901,226.00)	(4,366,169.00)	(33,773.02)
711 Investment income-unrestricted	(30,146.93)	(13,696.84)	-----
714 Fraud recovery	-----	(131.00)	-----
715 Other revenue	(92,939.39)	(4,698.14)	-----
716 Gain on sale of fixed assets	(7,818.00)	-----	-----
700 Total revenue	(5,503,722.44)	(4,384,694.98)	(33,773.02)
Expenses:			
Administrative			
911 Administrative salaries	909,653.19	265,624.82	-----
912 Auditing fees	5,738.00	4,202.00	-----
914 Compensated absences	-----	4,200.00	-----
915 Employee benefit contributions-administrative	253,806.00	69,305.60	-----
916 Other operating-administrative	668,311.91	73,188.44	7,364.31
Tenant services			
921 Tenant services-salaries	4,743.75	-----	26,408.71
923 Employee benefit contributions-tenant services	1,324.00	-----	-----
924 Tenant services-other	18,530.54	-----	-----
Utilities			
931 Water	611,346.38	-----	-----
932 Electricity	329,402.02	-----	-----
933 Gas	215,501.17	-----	-----

FLINT HOUSING COMMISSION

Flint, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended June 30, 2005

FDS Line Item No.		Low Rent Program <u>14.850a</u>	Housing Choice Vouchers <u>14.871</u>	Resident Opportunity and Supportive Services <u>14.870</u>
	Ordinary maintenance and operation			
941	Ordinary maintenance and operation-labor	829,872.08	----	----
942	Ordinary maintenance and operation-materials & other	355,107.64	----	----
943	Ordinary maintenance and operation-contract costs	351,647.16	201.58	----
945	Employee benefit contributions-ordinary maintenance	231,545.00	----	----
	Protective services			
952	Protective services-other contract costs	336.00	----	----
953	Protective services-other	7,489.92	----	----
	General expenses			
961	Insurance premiums	305,445.34	667.00	----
962	Other general expense	----	2,343.06	----
963	Payments in lieu of taxes	48,518.50	----	----
964	Bad debts- tenant rents	<u>102,827.36</u>	----	----
969	Total operating expenses	<u>5,251,145.96</u>	<u>419,732.50</u>	<u>33,773.02</u>
970	Excess (deficit) operating revenue over operating expenses	<u>252,576.48</u>	<u>3,964,962.48</u>	<u>----</u>

FLINT HOUSING COMMISSION

Flint, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended June 30, 2005

FDS Line Item No.		Low Rent Program 14.850a	Housing Choice Vouchers 14.871	Resident Opportunity and Supportive Services 14.870
973	Housing assistance payments	-----	3,964,338.85	-----
974	Depreciation expense	<u>2,251,586.83</u>	-----	-----
	Total expenses other than total operating	<u>2,251,586.83</u>	<u>3,964,338.85</u>	-----
	Excess (deficit) of revenue over expenses			
1000	before operating transfers in (out) and depreciation add back	(1,999,010.35)	623.63	-----
1001	Operating transfers in	210,134.00	-----	-----
1008	Special items	<u>(152,196.54)</u>	-----	-----
	Excess (deficit) of revenue over expenses after operating transfers in (out) and depreciation add back	\$ <u>(1,941,072.89)</u>	\$ <u>623.63</u>	\$ <u>-----</u>

FLINT HOUSING COMMISSION

Flint, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended June 30, 2005

FDS Line Item No.		Comprehensive Grant Program 14.859	Capital Fund Program 14.872	HOME Investment Partnership 14.239
	Assets:			
	Current Assets:			
	Accounts and notes receivable:			
122	Accounts receivable-HUD	----	732,201.35	----
124	Accounts receivable- other government	-----	-----	111,985.00
120	Total receivables, net of allowance for doubtful accounts	-----	732,201.35	111,985.00
144/ (347)	Interprogram due from	-----	(571,150.80)	(111,985.00)
150	Total current assets	-----	161,050.55	-----
	Noncurrent Assets:			
	Fixed assets:			
164	Furniture, equipment and machinery- administration	----	83,855.06	----
166	Accumulated depreciation	----	(28,740.45)	----
167	Construction in progress	-----	4,573,276.95	-----
160	Total fixed assets, net of accumulated depreciation	-----	4,628,391.56	-----
180	Total noncurrent assets	-----	4,628,391.56	-----
190	Total Assets	\$ -----	\$ 4,789,442.11	\$ -----
	Liabilities and Equity:			
	Liabilities:			
	Current Liabilities:			
312	Accounts payable < 90 days	\$ -----	\$ (161,050.55)	\$ -----
310	Total current liabilities	-----	(161,050.55)	-----
300	Total liabilities	-----	(161,050.55)	-----

FLINT HOUSING COMMISSION

Flint, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended June 30, 2005

FDS Line Item No.		Comprehensive Grant Program 14.859	Capital Fund Program 14.872	HOME Investment Partnership 14.239
	Equity:			
508.1	Investment in capital assets , Net of Related Debt	----	(4,628,391.56)	----
600	Total Liabilities and Equity	\$ ----	\$ (4,789,442.11)	\$ ----
	Revenue:			
706	HUD PHA operating grants	\$ ----	\$ (888,716.75)	\$ (111,985.00)
706.1	HUD PHA capital grants	----	(2,017,225.21)	----
700	Total revenue	----	(2,905,941.96)	(111,985.00)
	Expenses:			
	Administrative			
911	Administrative salaries	----	156,866.49	----
912	Auditing fees	----	1,500.00	----
915	Employee benefit contributions-administrative	----	15,259.02	----
916	Other operating-administrative	----	13,254.69	----
	Ordinary maintenance and operation			
942	Ordinary maintenance and operation-materials & other	----	40,409.27	----
	Protective services			
952	Protective services-other contract costs	----	451,293.28	----
969	Total operating expenses	----	678,582.75	----

FLINT HOUSING COMMISSION

Flint, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended June 30, 2005

FDS Line Item No.		Comprehensive Grant Program 14.859	Capital Fund Program 14.872	HOME Investment Partnership 14.239
970	Excess (deficit) operating revenue over operating expenses	-----	2,227,359.21	111,985.00
973	Housing assistance payments	-----	-----	111,985.00
974	Depreciation expense	-----	20,541.63	-----
	Total expenses other than total operating	-----	20,541.63	111,985.00
1000	Excess (deficit) of revenue over expenses before operating transfers in (out) and depreciation add back	-----	2,206,817.58	-----
1002	Operating transfers out	-----	(210,134.00)	-----
	Excess (deficit) of revenue over expenses after operating transfers in (out) and depreciation add back	\$ -----	\$ 1,996,683.58	\$ -----

FLINT HOUSING COMMISSION

Flint, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended June 30, 2005

FDS Line Item No.	Development Program 14.850b	State and Local -	Total
Assets:			
Current Assets:			
Cash			
111 Cash-unrestricted	\$ -----	\$ -----	\$ 1,798,556.46
100 Total cash	-----	-----	1,798,556.46
Accounts and notes receivable:			
122 Accounts receivable-HUD	-----	-----	1,036,794.35
124 Accounts receivable- other government	-----	-----	111,985.00
126 Accounts receivable- tenants-dwelling rents	-----	-----	38,443.02
126.1 Allowance for doubtful accounts-dwelling rents	-----	-----	(25,014.05)
120 Total receivables, net of allowance for doubtful accounts	-----	-----	1,162,208.32
Current investments:			
131 Investments-unrestricted	-----	-----	83,669.59
142 Prepaid expenses and other assets	-----	-----	128,612.71
143 Inventories	-----	-----	143,087.47
143.1 Allowance for obsolete inventories	-----	-----	(14,308.75)
144/ (347) Interprogram due from	-----	6,615.17	-----
150 Total current assets	-----	6,615.17	3,301,825.80

FLINT HOUSING COMMISSION

Flint, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended June 30, 2005

FDS Line Item No.		Development Program 14.850b	State and Local	Total
	Noncurrent Assets:			
	Fixed assets:			
161	Land	----	----	2,242,445.00
162	Buildings	----	----	54,324,492.74
164	Furniture, equipment and machinery- administration	----	----	689,556.13
165	Leasehold improvements	----	----	13,297,047.40
166	Accumulated depreciation	----	----	(50,931,746.33)
167	Construction in progress	----	----	4,573,276.95
160	Total fixed assets, net of accumulated depreciation	----	----	24,195,071.89
180	Total noncurrent assets	----	----	24,195,071.89
190	Total Assets	\$ ----	\$ 6,615.17	\$ 27,496,897.69
	Liabilities and Equity:			
	Liabilities:			
	Current Liabilities:			
312	Accounts payable < 90 days	\$ ----	\$ ----	\$ (434,340.06)
321	Accrued wage / payroll taxes payable	----	----	(90,485.66)
322	Accrued compensated absences- current portion	----	----	(11,171.00)
333	Accounts payable -other government	----	----	(231,363.44)
341	Tenant security deposits	----	----	(159,826.59)
342	Deferred revenues	----	(6,615.17)	(36,983.03)
346	Accrued liabilities-other	----	----	(55,550.86)
310	Total current liabilities	----	(6,615.17)	(1,019,720.64)
	Noncurrent Liabilities:			
353	Noncurrent liabilities-other	----	----	(910,000.00)
354	Accrued compensated absences- non current portion	----	----	(63,305.08)
350	Total noncurrent liabilities	----	----	(973,305.08)
300	Total liabilities	----	(6,615.17)	(1,993,025.72)

FLINT HOUSING COMMISSION

Flint, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended June 30, 2005

FDS Line Item No.	Development Program 14.850b	State and Local -	Total
Equity:			
508.1 Investment in capital assets, Net of Related Debt	----	----	(24,195,071.89)
512.1 Unrestricted Net Assets	----	----	(1,308,800.08)
600 Total Liabilities and Equity	\$ ----	\$ (6,615.17)	\$ (27,496,897.69)
Revenue:			
703 Net rental revenue	\$ ----	\$ ----	\$ (1,471,592.12)
705 Total tenant revenue	----	----	(1,471,592.12)
706 HUD PHA operating grants	----	----	(9,301,869.77)
706.1 HUD PHA capital grants	----	----	(2,017,225.21)
711 Investment income-unrestricted	----	----	(43,843.77)
714 Fraud recovery	----	----	(131.00)
715 Other revenue	----	(8,384.83)	(106,022.36)
716 Gain on sale of fixed assets	----	----	(7,818.00)
700 Total revenue	----	(8,384.83)	(12,948,502.23)
Expenses:			
Administrative			
911 Administrative salaries	----	----	1,332,144.50
912 Auditing fees	----	----	11,440.00
914 Compensated absences	----	----	4,200.00
915 Employee benefit contributions-administrative	----	----	338,370.62
916 Other operating-administrative	----	----	762,119.35
Tenant services			
921 Tenant services-salaries	----	----	31,152.46
923 Employee benefit contributions-tenant services	----	----	1,324.00
924 Tenant services-other	----	8,384.83	26,915.37

FLINT HOUSING COMMISSION

Flint, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended June 30, 2005

FDS Line Item No.		Development Program 14.850b	State and Local -	Total
	Utilities			
931	Water	----	----	611,346.38
932	Electricity	----	----	329,402.02
933	Gas	----	----	215,501.17
	Ordinary maintenance and operation			
941	Ordinary maintenance and operation-labor	----	----	829,872.08
942	Ordinary maintenance and operation-materials & other	----	----	395,516.91
943	Ordinary maintenance and operation-contract costs	----	----	351,848.74
945	Employee benefit contributions-ordinary maintenance	----	----	231,545.00
	Protective services			
952	Protective services-other contract costs	----	----	451,629.28
953	Protective services-other	----	----	7,489.92
	General expenses			
961	Insurance premiums	----	----	306,112.34
962	Other general expense	----	----	2,343.06
963	Payments in lieu of taxes	----	----	48,518.50
964	Bad debts- tenant rents	----	----	102,827.36
969	Total operating expenses	-----	8,384.83	6,391,619.06
970	Excess (deficit) operating revenue over operating expenses	-----	-----	6,556,883.17

FLINT HOUSING COMMISSION

Flint, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended June 30, 2005

FDS Line Item No.		Development Program 14.850b	State and Local -	Total
973	Housing assistance payments	----	----	4,076,323.85
974	Depreciation expense	----	----	2,272,128.46
	Total expenses other than total operating	----	----	6,348,452.31
	Excess (deficit) of revenue over expenses			
1000	before operating transfers in (out) and depreciation add back	----	----	208,430.86
1001	Operating transfers in	----	----	210,134.00
1002	Operating transfers out	----	----	(210,134.00)
1008	Special items	----	----	(152,196.54)
	Excess (deficit) of revenue over expenses after operating transfers in (out) and depreciation add back	\$ -----	\$ -----	\$ 56,234.32

Sailor Khan & Co.

Certified Public Accountants

Report on Compliance and on Internal Control Over Financial Reporting Based
on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

Board of Commissioners
Flint Housing Commission
Flint, Michigan

We have audited the financial statements of the Flint Housing Commission, Michigan, (Commission) as of and for the year ended June 30, 2005, and have issued our report thereon dated February 23, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

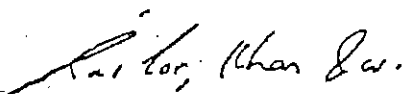
As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Commission's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are a material weakness.

This report is intended for the information of the Flint Housing Commission, Michigan's management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Sailor, Khan & Co.
February 23, 2006

Report on Compliance with Requirements Applicable to Each Major Program and
Internal Control over Compliance in Accordance with OMB Circular A-133

Board of Commissioners
Flint Housing Commission
Flint, Michigan

Compliance

We have audited the compliance of the Flint Housing Commission, Michigan, (Commission) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The Commission's major federal programs are identified in the schedule of expenditures of federal awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Commission's compliance with those requirements.

In our opinion, the Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs.

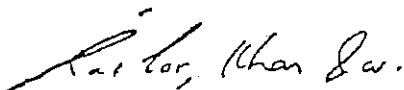
Internal Control Over Compliance

The management of the Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal program. In planning and performing our audit, we considered the Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect the Commission's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are a material weakness.

This report is intended for the information of the Flint Housing Commission, Michigan's management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Sailor, Khan & Co.
February 23, 2006

FLINT HOUSING COMMISSION

Flint, Michigan

STATUS OF PRIOR AUDIT FINDINGS

June 30, 2005

The prior audit report for the year ended June 30, 2004 contained a total of six audit findings:

Financial Statement Findings

Finding:	Checks Outstanding
Status:	Not implemented - see current finding #3
Finding:	Budget Overruns
Status:	Not implemented - see current finding #1
Finding:	Excessive Tenant Accounts Receivable
Status:	Implemented
Finding:	Equipment Listing
Status:	Implemented

Federal Awards Findings

Finding:	Physical Inventory
Status:	Implemented
Finding:	Development /Capital Fund Program
Status:	Implemented

FLINT HOUSING COMMISSION

Flint, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2005

SECTION I - SUMMARY OF AUDITOR RESULTS

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Reportable condition(s) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No
Is a "going concern" explanatory paragraph included in audit report?	No

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Reportable condition(s) identified that are not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) on Circular A-133?	Yes

Identification of major programs:

CFDA Number(s)	Name of Federal Program
14-850a	Public and Indian Housing
14-871	Section 8 Housing Choice Vouchers
14-872	Public and Indian Housing - Capital Fund Program

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
--	-----------

Auditee qualified as low-risk auditee?	Yes
--	-----

FLINT HOUSING COMMISSION

Flint, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2005

SECTION II - FINANCIAL STATEMENT FINDINGS

The current audit report for the year ended June 30, 2005 disclosed the following Financial Statement audit findings:

1. Budget Overruns

Criteria:

The Housing Commission must operate within budget constraints.

Condition:

We noted the following budget overruns for fiscal year ending June 30, 2005:

Description	<u>Budget</u>	<u>Actual</u>	<u>Overruns</u>
Administrative	\$ 964,230.00	\$ 1,583,703.10	\$ 619,473.10

Questioned Costs:

None

Effect:

The Housing Commission exceeded the operating budget in the aforementioned category.

Cause:

The Housing Commission did not ensure that this budget category was not exceeded.

Recommendation:

We recommend that the Housing Commission place greater emphasis on operating within the budget constraints. Also, when it appears that the current budget has become insufficient, the Housing Commission must prepare a budget revision.

FLINT HOUSING COMMISSION

Flint, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2005

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

1. Budget Overruns (Continued)

Management's Response:

Budget overruns occurred due to a lack of internal controls over purchases of products and services. The biggest area of concern has been with the purchasing of materials and supplies. Several small vendors have been used for many years to purchase materials and supplies as well as providing services. Although proper procurement procedures have been followed, no emphasis was given to budget constraints.

Action Plan:

The Finance Director has implemented necessary inventory controls and established new procurement procedures that will allow the Flint Housing Commission to operate within budget constraints. Implementation of the Inventory Control and Requisitions modules of Emphasys is currently in process. These features will allow more effective monitoring of material and supplies by establishing re-order points therefore controlling excessive spending. The General Ledger assistant has the responsibility of monitoring General Ledger balances for accuracy. This will allow Actual to Budget comparisons for expenditures before products and services are procured and will also draw attention to the need for budget revisions. The Finance Director will monitor the budget for variations and necessary budget revisions.

FLINT HOUSING COMMISSION

Flint, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2005

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2. Delinquent Payment in Lieu of Taxes

Criteria:

Payment in Lieu of Taxes must be paid on an annual basis.

Condition:

We noted the Housing Commission has not made payments on their payment in lieu of taxes liability for a number of years.

Questioned Costs:

None

Effect:

The Housing Commission has accrued a significant balance in the payment in lieu of taxes liability.

Cause:

The Housing Commission has not made payments toward their payment in lieu of taxes liability.

Recommendation:

We recommend the Housing Commission place greater emphasis on making future payments toward their payment in lieu of taxes liability and work toward making payments to reduce the current liability.

Management's Response:

The Finance Director recently (March 06) received an invoice from the City of Flint for payment of PILOT fees for 2005. The present liability for PILOT fees is due to the turnover of Executive staff at the Flint Housing Commission as well as the Administrative staff at the City of Flint.

Action Plan:

The Finance Director is currently resolving matters with the PILOT fees for prior years. All outstanding liability for PILOT fees will be paid when matters regarding the Cooperative Agreement and prior balances due are resolved. It is anticipated that this will be resolved in the near future and prior to the end of this current fiscal year.

FLINT HOUSING COMMISSION

Flint, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2005

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

3. Checks Outstanding

Criteria:

Effective cash internal control procedures include reviewing bank reconciliations for items that have not cleared the bank in a reasonable amount of time.

Conditions:

There were numerous checks that had been outstanding greater than 90 days.

Questioned Costs:

None

Effect:

Numerous outstanding checks were carried on the bank reconciliation for over 90 days, thereby affecting the reporting of actual cash balances.

Cause:

It appears the PHA has not monitored the bank reconciliation prepared by their accountant and has no policy in regards to outstanding checks.

Recommendation:

We recommend that the PHA monitor bank reconciliations on a monthly basis and develop a formal policy whereby outstanding checks that never cleared the bank are researched and voided when appropriate.

Management's Response:

Bank reconciliations were being prepared by a fee accountant and no one was reviewing completed bank reconciliations for outstanding items.

Action Plan:

We are no longer using Fee Accountants. The General Ledger Assistant has the responsibility of completing bank reconciliations monthly. In doing so she is monitoring each month's activities and researching all items that appear on the statement. Any items that are outstanding for 2 consecutive months will be researched. Any items that remain outstanding after 90 days will be voided. A voided check will be re-issued if necessary.

FLINT HOUSING COMMISSION

Flint, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2005

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

4. Collection Loss

Criteria:

All tenant accounts receivables written off as collection loss must be approved by the Board of Directors.

Conditions:

We noted collection losses recorded in addition to those approved by the Board.

Questioned Costs:

None

Effect:

Lack of Board Approval for collection loss write offs adversely affects the check and balances within the Housing Commission.

Cause:

Unknown

Recommendation:

We recommend all tenant accounts receivables written off as collection losses be approved by the Board of Directors through resolution.

FLINT HOUSING COMMISSION

Flint, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2005

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

4. Collection Loss (Continued)

Management's Response:

Collection loss write-offs are always approved by the Board of Directors. The situation that occurred in this fiscal year was due to time constraints for the consultants that were determining the collection write-off adjustment due for the fiscal year end. The consultant used the tenant ledger balances and aged receivables report to prepare the Board Resolution and corresponding collection loss totals. The obvious assumption was made that all residents move out files were closed. However, all of the files were not closed out and some of the clients had additional charges to be added to their accounts.

Action Plan:

The Grants Administrator/Supervisor will consult with the Tenant Accounts Receivable Clerk to verify tenant Ledgers. In addition she will contact the site managers for each account and the Maintenance Manager to determine if all charges have been applied to the tenants account before starting the collection and write-off process.

FLINT HOUSING COMMISSION

Flint, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2005

SECTION III - FEDERAL AWARD FINDINGS

The current audit report for the year ended June 30, 2005 disclosed the following Federal Awards audit findings:

5. Minutes Not Signed

Federal Award:

14.239 - HOME Investment Partnership Program
14-850a - Public and Indian Housing - Low Rent Program
14.870 - Resident Opportunity and Supportive Services
14.871 - Housing Choice Vouchers
14.872 - Capital Fund Program

Criteria:

Minutes of meetings of the Board are incomplete unless they are signed by the Chairman and the Secretary.

Condition:

We noted that minutes of the Board of Commissions were not signed by the Board Chairman and Secretary.

Questioned Costs:

None

Effect:

Minutes of meetings are incomplete.

Cause:

The Housing Commission did not place emphasis on the completeness of the Board minutes.

Recommendation:

We recommend that the Housing Commission ensure that all minutes are adequately signed in order to ensure their completeness.

FLINT HOUSING COMMISSION

Flint, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2005

SECTION III - FEDERAL AWARD FINDINGS

5. Minutes Not Signed (Continued)

Management's Response:

The failure to sign the minutes was an oversight.

Action Plan:

The Executive Assistant will ensure that minutes are adequately signed by the Board Chairman and Secretary. In addition, the Finance Director will perform a periodic audit to ensure compliance